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Australia

Grain and Feed

Grain Quarterly Update

2005

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Report Highlights:

Drier than average conditions have characterized the months of March and April (through 04/26). This weather pattern is delaying any widespread commencement of planting of the 2005/06 winter grain crop. Ideally, winter grain planting would commence in earnest during the later part of April. Despite the dry conditions, wheat and barley production for 2005/06, and sorghum and rice production forecasts for 2006/07 remain unchanged from Post's previous report.

Includes PSD Changes: No
Includes Trade Matrix: No
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[AS]

SECTION ONE: SITUATION AND OUTLOOK

Drier than average conditions have characterized the months of March and April 2005 (through 04/26), with national meteorological data showing most of Australia's principal grain cropping belts experiencing well below average rainfall over this period. Normally, there would be an "autumn break", which would bring rainfall for planting the winter crop. To date, this "break" has not materialized and, combined with lingering longer-term drought in parts of eastern Australia, is beginning to delay widespread commencement of 2005/06 winter crop planting, e.g., wheat, barley, canola and pulses. The recent dryness has had little impact on 2005/06 summer crops, e.g., rice and sorghum. Going forward, however, continuing dry weather will begin to negatively impact production prospects for the 2006/07 summer cropping season.

Winter Season

Australia's 2005/06 wheat production is forecast at 23 MMT, while barley production is forecast at 7.3 MMT, up 12 percent and 13 percent respectively from 2004/05, but unchanged from Post's previous forecasts (see GAIN Report #AS5008). Assuming that there is a break in the dry weather, and rainfall going forward is more normal, winter grain prospects are still largely favorable. Any continuation of these drier than average conditions, however, will likely reduce area and yield prospects and cause some shifting of crops, e.g., from longer maturing wheat to shorter maturing barley.

The current dry weather pattern is of particular concern for grain growers in eastern Australia, who would typically have already commenced planting under more normal conditions. Some of these growers also continue struggling with drier than normal conditions that extend back to the recent severe drought. Grain growers in the west are as yet less concerned, because rainfall and temperature patterns typically dictate a latter start to planting in this region.

As background, the planting of Australia's winter grain crop typically takes place during the April-June period. Rainfall registered during this period is highly valued for winter grains as it typically has a significant impact on the area planted, crop vigor and final yield. Traditionally, the month of April represents the optimum month for planting as regards yield potential for winter grain in eastern Australia, while the month of May is considered optimum for western Australia. Technological advances over the past decade, however, have allowed the harvest of large winter grain crops (including a record crop) where planting was delayed past the optimal period.

Summer Season

Sorghum production in 2006/07 is forecast at 2.15 MMT, down four percent from 2005/06, but unchanged from Post's previous report. The recent dryness has had a mixed impact on the 2005/06 sorghum crop, with a better than expected yield for the earlier grown crop offset by a lower than previously expected yield for the later grown crop. For rice, Post is retaining the rough production estimate of 431,000 MT for 2005/06 and the forecast of 575,000 MT for 2006/07. Some industry sources, however, are indicating that the 2005/06 harvest may be below 400,000 MT (rough basis), based largely on a lower than currently expected area estimate. If correct, this would be the lowest rice crop since the early 1970's and reflects the severe irrigation water shortages that have sharply reduced the last three consecutive annual rice crops. The final outcome of the 2005/06 rice crop should be clearer as harvest is finalized. The actual outcome for rice in 2006/07 will be dependent on rainfall and irrigation water supplies between now and the November 2005 start of planting.

Post's Recent Grain Reports

Grain and Feed Annual, AS5008, 3/23/05

Grain Update – January 2005, AS4043, 12/30/04

Grain Update – December, AS4040, 12/06/04

Grain Update – November, AS4036, 10/26/04

Grain Update – October, AS4030, 09/21/04